



18th April 2021

COMMUNICATION ON ENGAGEMENT WITH THE UNITED NATIONS GLOBAL COMPACT

I am pleased to confirm that The Convention on Business Integrity reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, please find attached a description of the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. Olusoji Apampa
Chief Executive Officer

PART 11: DESCRIPTION OF ACTIONS

The Convention on Business Integrity has engaged in activities with stakeholders in the following areas:

A. THE BUSINESS ACTION AGAINST CORRUPTION (BAAC), NIGERIA PROJECT

The Convention on Business Integrity (CBI), since June 2006, has been implementing the Business Action Against Corruption (BAAC), Nigeria project. The Primary aim of the BAAC project is to use collective action to improve corporate governance and reduce corruption in the Nigerian business environment. Related to this objective is the BAAC Membership Drive to invite both Micro Small and Medium Enterprises (MSMEs) and large non-listed Companies to join the collective action, recruiting the MSMEs through a campaign to market the www.MSMEStandards.com website and for the Large non-Listed, Corporates to recruit them through peer referrals.

The programme also supports practical initiatives, which promote good governance and improve the investment climate. We achieve this through working with industry at strengthening self-regulation of business, its compliance with government regulation, stakeholder activism and a public vigilance over the arrangement. We also build on existing relationships with the Nigeria Stock Exchange (NSE) and the Securities Exchange Commission (SEC) to build a partnership to strengthen corporate leadership practices by raising standards of board leadership of directors of listed companies in Nigeria to review their fiduciary responsibilities, and meet stakeholder expectations. This is through the Corporate Governance Rating System (CGRS), which we developed under the first round of the Siemens Integrity Initiative from 2010-2014 and launched November 2014. We have run this system from 2014 till date. The system defined a set of business principles, reporting guidelines and system of compliance incentives jointly with directors of listed companies in Nigeria.

B. E-LEARNING PORTAL

Like public sector institutions, Civil Society Organisations (CSOs) and Micro Small and Medium Enterprises (MSMEs) require sound leadership and management and well-functioning organizational structures and systems to deliver services effectively and efficiently. Our E-learning portal houses a Toolkit designed to assist CSOs and MSMEs understand the governance requirements necessary for them to



operate ethically and effectively. The Course brings to bear issues of transparency and accountability and the need for internal controls by the Civil Society Organizations and Medium and Small- Scale Enterprises.

The toolkit will Assist CSOs/MSMEs to position themselves appropriately to receive funding; Navigate them through the ABAC /ISO 37001 2016, a standard designed to help organizations fight bribery and promote an ethical business culture. This will help prepare them to adopt an anti-bribery management system or enhance the controls they currently have; Guide them through a prominent framework that guides most auditing (and internal control) standards around the world which is the COSO 2013 Internal Control-Integrated Framework; Present the concept of good governance, including typical governance structures, the roles and responsibilities of boards and management, board committees, and the CSO/MSME's role in positioning itself for sustainable engagement by sponsors/donor agencies and/or partners; And most importantly, build a cadre of confident local actors that have a diverse, and reasonably secure, resource base to work from if they are to push back effectively and sustainably on threats to the civic space.

C. MARITIME ANTI-CORRUPTION NETWORK(MACN)

In addition to working with large and small companies, we are also working with the Maritime Anti-Corruption Network (MACN) to improve predictability (in terms of time and cost) of vessel and cargo clearance by improving transparency of operating procedures, consistency of their application, usage of grievance reporting mechanism whilst advocating for addition of a consequence management framework to be put in place at Nigerian Ports and Terminals. The ports and terminals are a major headache for most businesses and professionals and reforms are under way.

We are currently conducting activities to deepen awareness and uptake of the reforms through various communication strategies. We have participated in advocacy to have the Nigeria Shippers Council and the ICPC¹ named as bodies responsible for leading enforcement of the Standard Operating Procedures whilst compliance officers are identified and trained within each of the agencies at each

¹ ICPC – Independent Corrupt Practices and other related offences Commission



location of the ports and terminals. We are also establishing a Ports Integrity Index which is being supported by DANIDA and will be rolled-out globally thereafter.

D. MSME COMPLIANCE PLATFORM

The objective of the Compliance Platform is to assist Micro Small and Medium Enterprises (MSMEs) in building evidently reliable and credible enterprises. The platform would further assist MSMEs to learn about standards for governance and internal processes acceptable to banks and financiers. The available tools on the platform would provide MSMEs various levels of assistance in ensuring they comply with the different regulatory requirements for their businesses, including ethical standards (business ethics). The assistance starts with self-assessment – as well as independently by certified experts – of the MSMEs, with a view to verifying what the gaps are. Due to the evidently transparent processes in assessing businesses that are willing to undergo the assessment processes, and direct access to trusted service providers to bridge the gap by Providing Regulatory Interface Services, the platform is able to demonstrate its ability to make a business stand out from its peers. The platform is provided to prepare MSMEs to comply with standards of doing business in Nigeria. The permanent Universal Resource Locator (URL) is <https://msmestandards.com>

E. THE CORPORATE GOVERNANCE RATING SYSTEM (CGRS)

The Convention on Business Integrity (CBI) in partnership with The Nigerian Stock Exchange (NSE) established a Corporate Governance Rating System (CGRS) for listed companies in Nigeria. CGRS assesses companies on four dimensions; corporate integrity, compliance with Nigerian Stock Exchange (NSE) and general governance rules (Securities and Exchange Commission (SEC) Code, Companies and Allied Matters Act (CAMA) with industry-specific rules added as relevant), a dimension reflecting certification of directors, and a dimension reflecting the confirmation of expert stakeholders of a company's integrity. The CGRS score is a composite of a score for corporate compliance assessment (50%), a Fiduciary Awareness Certification Testing (FACT) of directors (10%) and Corporate Integrity assessments based on feedback from stratified, random sample of stakeholders (20%) and an Expert Multi-Stakeholder Group (EMSG – 20%). The CGRS covers themes including Business Ethics & Anti-corruption, Internal & External Audit and Control, Shareholder & Stakeholder Rights, Board structure and Responsibilities, and Transparency and Disclosure.



To leverage the results of the CGRS, the ratings have been used as part of the criteria for being listed on a Premium Board that was launched by Nigerian Stock Exchange (NSE) in 2015.

F. PROFESSIONALS AGAINST CORRUPTION (PAC)

We are building a Collective Action with Professionals, where participating groups band together to identify anti-corruption principles (Ethical Codes of Conduct) identified based on a broad spectrum of prevalent corruption schemes, with corresponding indicators and standards of attainment (documented as Standard Operating Procedures, SOPs) and proofs of compliance that can be independently verified and certified, in order to differentiate themselves. We have done this through a series of roundtables with professionals (Lawyers, Accountants & Engineers) between 2019 - 2020 to recruit them for collective action, promote the codification of good practice, identify a platform for volunteers to try out good practice measures, underscore clear reasons why these should be adopted, and ensure that more Nigerian professional firms are certified as complying with international anti-corruption standards.

G. REGULATORY CONVERSATIONS (RC)

We initiated the Regulatory Conversations series aimed at engendering deeper reflection over the aims of regulation and the role of the regulator in Nigeria. Regulatory actions in Nigeria are typically not coordinated, evidenced by the conflicting instructions coming from different bodies and they are typically inconsistent. Business Action Against Corruption (BAAC) instituted a Regulatory Conversations series in which it takes up dialogue with regulatory bodies around issues of great concern (raising corruption risks) to the private sector. CBI under the auspices of BAAC is acting through the series to push for a clear philosophy of regulation to be established in Nigeria. Now in its fifth edition, the series funded by DFID (now FCDO) intervenes directly in trending issues to minimize damage to business. Within the reporting period we have held the third installment of Regulatory Conversations held with the Theme "Improving Transparency and Ease of Doing Business in Nigeria" held March 19, 2019. The focus was on the activities of the Nigerian Presidential Enabling Business Environment Council (PEBEC) established by His Excellency, President Muhammadu Buhari. The forum sought the scope of the reforms put in place, suitability and effectiveness. The PEBEC App, Report.gov, was also launched at this event.

The Fourth Regulatory Conversations held September 24, 2019 with the Theme "Foreign Exchange Restrictions on Food Imports and implications for regulation



and growth of the Nigerian Economy”. It focused on the Foreign Exchange restrictions policy of the present Administration and its immediate impact on consumers, key players in the food sector and the Economy on the long run.

The Fifth Regulatory Conversations held on December 10th, 2019 with the Theme “National Integrity Barometer: A roadmap for 2020”. It also provided the platform to discuss the effectiveness of these interventions as well as the unique opportunity for stakeholders to identify what should be a sustainable roadmap for 2020.

The Sixth Regulatory Conversations held on March 5, 2020 with the Theme “National Identity Number: Matters arising and implications for Nation Building”. The Forum examined the regulatory framework of the National Identity Number (NIN) System, the implementation of mandatory requirement of the NIN in key sectors and the implications for the activities and business transactions carried out by individuals and corporate entities in Nigeria.

H. THE CIVIL SOCIETY ORGANISATIONS TRAINING ON ENGAGING THE PRIVATE SECTOR

Training for non-state actors (CSOs, Media practitioners and Labour leaders) is aimed at promoting collective action between non-state actors and the Private sector around common issues of transparency, accountability and good governance. The training objectives included helping participants distinguish the motivations and modus operandi of the private sector, clearly articulate the opportunity for private sector engagement that exists for Civil Society Organizations, identify stakeholders of a given issue, map and analyze them, identify platforms and channels for engagement of private sector actors and help participants devise tactics for getting heard. In September 2019, Civil Society were trained on Illicit Financial Flows (IFFs) with the Objective of helping them to understand the concept of Illicit Financial Flows, the challenges of tracking IFFs, the key actors involved in combating IFFs in Nigeria and the key opportunities for Government, Media and Civil Society to collaborate around stemming the tide of IFFs in Nigeria.

I. THE SURVEY ON TRANSACTIONAL COST OF CORRUPTION

In August 2019, the Center for International Private Enterprise (CIPE) entered into a contract with the Convention for Business Integrity (CBI) for the purpose of conducting a survey targeting MSMEs with particular focus on the MSME population in three of Nigeria’s economically active cities, Lagos, Kano, and Aba about which national regulatory agencies are the most problematic in transacting



business with the private sector due to bureaucratic bottlenecks, operational inefficiencies and lack of transparency creating significant opportunity for self-dealing among public officials and corrupt activity. The objective of the project was to measure the actual personal experience of respondents with informal/un-receipted payments in the cost of doing business with FIRS and NAFDAC. On November 26, 2020 and December 1st, 2020 respectively, CBI participated in a Public Private Dialogue with the National Agency for Food and Drug Administration (NAFDAC) and the Federal Inland Revenue Service (FIRS). During both events, CBI made a presentation of the key survey findings as concerns both agencies. A panel discussion on the findings of the survey and other issues affecting the MSMEs in their interactions with both agencies also featured as part of the event.

J. ANNUAL CHRISTOPHER KOLADE LECTURE SERIES

The 7th Christopher Kolade Lecture Series on Business Integrity held in June 2019 with the Theme “Governance, Leadership and Ethics: How to Build a Thriving Economy”. The 8th Lecture Series held October 2020 during the height of the pandemic and under the theme “Business Resilience: The Role of Integrity & if it Matters During a Crisis”. The objective of each Series is to build on the momentum and successes of the previous lectures to ensure that contemporary issues as it affects the Business community as well as the Economy are brought to the fore; to continue to promote collective action mechanisms to bring to bear the best of government regulation together with business self-regulation and the activism of civil society.

K. POLITICAL ECONOMY ANALYSIS ON THE BUREAU OF PUBLIC PROCUREMENT

Integrity undertook a political economy analysis of public procurement in Nigeria with a critical look at the history and trajectory of progress made till date with a view to engaging with the private sector on discussions around Open Contracting. These reforms in public procurement dating back to the Obasanjo regime, the steps taken to align with recommendations of the United Nations Commission on International Trade Law (UNCITRAL) and culminating with the enactment of the Public Procurement Act in 2004 and the Open Contracting Data Standards through CSOs advocacy, reveal the attempts at probity in public procurement.

PART 11: MEASUREMENT OF OUTCOMES

SUMMARY OF OUTCOMES

2013: Initiated the Annual Christopher Kolade lecture on Business Integrity. The Annual Christopher Kolade lecture series is emerging as a forum for businesses to engage with experts and with each other on business integrity issues. The past eight editions have addressed various issues ranging from the need to build Businesses on a solid foundation to the role of integrity in business resilience during a crisis and others. The lecture series is in its 9th year.

2013 – February 2017: Under the platform of the Corporate Governance Rating System (CGRS), using 36 indicators, the system addresses 5 main issues; Shareholder and Stakeholder Rights, Business Ethics and Anti-Corruption, Internal and External Audit and Control, Board Structure and Responsibilities. A total of 438 directors have taken and passed the Fiduciary Awareness Certification Test till date and the recertification of companies will commence this year 2021.

2018 - The report on the political economy analysis on the Bureau of public procurement provides an analysis of public procurement processes in Nigeria by highlighting the role of the institutions, the impact of the various stakeholders, the challenges being faced. It proffers recommendations that are designed towards institutionalizing transparency, accountability and probity in public procurement processes.

2019 – Following the third regulatory conversation (RC) the PEBEC App is operational and functional and there is more awareness about the provisions/practicalities of an Executive Order 001. The Organization received an award recently by PEBEC² as the most engaged civil society partner recognized for its outstanding contributions to improving the ease of doing business in Nigeria through its collective action initiatives.

2020: Maritime Anti-Corruption Network (MACN) Through partnerships entered with the Maritime Anti-Corruption Network (MACN), there is an improvement in the vessel and cargo clearance. Currently, a process is being developed to equip businesses with an integrity barometer.

² PEBEC - Presidential Enabling Business Environment Council



2020 – The intervention with Professionals enabled us gain most traction amongst some very senior lawyers whose work we have supported. They have now constituted themselves into The Justice Reform Project (open to business, lawyers and civil society alike) and registered as a Company Limited by Guarantee (JRP³ Foundation Ltd./Gte.) We have helped design the governance structure of the organization, and we are acting as their secretariat helping to establish the effort and raise funds for it. More importantly, we have helped shape the membership criteria which includes compulsory subscription to an auditable code of conduct in alignment with ABAC and AML⁴ principles.

2020 - The survey on the Transactional Cost of Doing Business identified areas for improving the business environment, improving the ease of doing business and reducing the transactional cost of corruption. This includes establishing a database of details of malpractices and schemes encountered in the process of interfacing with regulatory agencies; Establishing a compliance portal where MSMEs can find information relating to the regulatory requirements for their operations, will greatly help to empower MSMEs with basic information on regulatory requirements; Collaboration with Regulatory agencies for periodic joint system reviews to understand the vulnerabilities and potential corruption schemes, will enable MSMEs benefit greatly from the database of malpractices and schemes encountered in the process of interfacing with regulatory agencies encountered by MSMEs.

³ JRP – Justice Reform Project

⁴ AML – Anti-Money Laundering